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6 September 1974

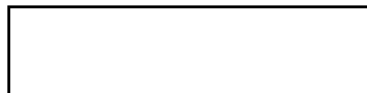


Answers to all six questions raised regarding exploratory drilling footage and oil discovery rates for 1973 and the first half of 1974 will be of little value for predictive modeling purposes. Moreover, reserve data are not available for 1974. Trend line projections require a mean value of historic performance rates because yearly drilling and discovery rates fluctuate widely.

Accuracy of all estimated oil discovery rates must be examined closely. It is very difficult to disaggregate US oil and gas exploratory drilling footage because many provinces are both oil and gas prone. US operators' intended objectives are unclear and they may not be specified prior to drilling. US data are more comprehensive than that for other countries and the problem is more acute here than elsewhere.

For example, total wildcat footage drilled in the US during 1973 amounted to 44,776,906 feet (A.P.I. data) and

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2,555 billion barrels of liquid hydrocarbons plus 6.5 trillion cubic feet of gas were discovered (I.P.A.A. data). A total of 7,466 wildcat wells were drilled and only 1519 were discoveries -- 619 oilfields (41%) and 900 gasfields (59%) (A.P.I. data). Separation of oil and gas footage can only be approximated. If 41% of the wells and footage drilled are allocated to oil prospecting, the US discovery rate for 1973 is 139 barrels per foot. Using gross footage drilled, the discovery rate shrinks to about 57 barrels per foot.

Available drilling data indicate that only 60 some wildcats were drilled in the major OAPC states in 1973, as indicated below:

<u>Country</u>	<u>Wildcats Drilled</u>	<u>Discoveries</u>
Iran	15	4 oil, 1 gas
Abu Dhabi	15	2 oil
Oman	13	3 possible oil
Qatar	9	None
Saudi Arabia	7	3 oil
Kuwait	1	None
Iraq	None	None
Dubai	None	None
		<u>13</u>
Total discoveries and possibles		

Average crude oil discovery rates in the largest Persian Gulf producing states based on 13 widespread discoveries are meaningless.

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Non-OPEC country and OPEC nations usually account for about 33% of the Free World's drilling activity while the US accounts for the remainder. Average oil discovery rates for all Non-OPEC countries would lack statistical reliability for any given year because of the wide qualitative variance between different oil bearing provinces. Spain, Italy, and France would have very low finding rates over the last five year period. North Sea oil discovery rates would be very high with 10,000 barrels per foot during 1969-1973 [REDACTED]

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[REDACTED] The latter rate probably matches those of Saudi Arabia and other Middle East states. [REDACTED]

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